



U.S. Department of Justice

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For Immediate Release

November 5, 2007

NEWS RELEASE

Philadelphia - United States Attorney Pat Meehan today announced the filing of a two-count Information,¹ charging Ngoc Kim Phan, of Northern Virginia, with mail fraud. The alleged scheme involved defrauding insurance companies in connection with providing unnecessary medical treatment to individuals at an outpatient surgery center in Orange County, California.

According to the Information, PHAN recruited individuals who lived in the Philadelphia area to travel to the Anaheim West Outpatient Surgery Clinic in Buena Park, California, between January 2002 and May 2003. The point of these trips was for the individuals to obtain medical treatment that would be covered by the individuals' health insurance policies, but which was not medically necessary for them. Other persons who were part of this fraud scheme and who were located in California arranged for the individuals to be seen at that clinic. They also arranged for the insurance companies to be billed for these procedures at exorbitant fees.

The Information alleges that Phan recruited the "patients" by promising them that if they allowed medical procedures to be performed on them and billed to their insurance companies, they could also receive a discount on cosmetic surgery, such as breast implants. Cosmetic surgery is not covered by the patients' health insurance. Phan also promised some individuals that their travel expenses to California would be covered and that it would be a "vacation."

According to the Information, in recruiting these patients, Phan first determined that their insurance coverage was acceptable to the people operating the scheme in California. Those involved in the fraud scheme in California paid for the individuals' transportation and lodging, and met the individuals when they arrived in California. Physicians at the Anaheim Clinic saw the individuals recruited by Phan and administered anesthesia. The patients were often not told exactly what procedures were to be performed. The co-schemers in California billed the insurance companies for the covered procedures which were performed but were not necessary. Because these services were performed out of the health insurance companies' networks, the fees were billed at a much higher rate than they would have been if the procedures were performed in-network.

¹An indictment or information is an accusation. A defendant is presumed innocent unless and until proven guilty.

It is alleged that on November 5, 2002 and May 3, 2003 mailings were sent that involved insurance payments from the health insurance company to the patients who received treatment.

INFORMATION REGARDING THE DEFENDANT

NAME	ADDRESS	AGE OR DATE OF BIRTH
Ngoc Kim Phan	Northern Virginia	age 36

If convicted, the defendant could be sentenced to up to 40 years in prison, a \$500,000 fine and 3 years of supervised release.

This case was investigated by the United States Postal Inspection Service and the Federal Bureau of Investigation, and has been assigned to Assistant United States Attorney Albert S. Glenn.

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